



City Of Gary
Department of Finance

401 Broadway
Gary, Indiana 46402
(219) 881-1363 / Fax (219) 881-1340

December 30, 2008

RUDY CLAY
Mayor

GERALDINE B. TOUSANT
Deputy Mayor

M. CELITA GREEN
Director of Finance

KAREN TINSLEY
Interim Deputy Director of Finance

Chris Atkins
General Counsel and Policy Director
Indiana Office of Management and Budget
Indianapolis, IN

11:27 am

Dear Mr. Atkins:

Pursuant to your request per Rule 5 of the DUAB Administrative Policies and Procedures, we are submitting the following:

- Exhibit A
 - Letters of Support for the Mayor's Budget Proposals 2009-2012
 - Editorial Support from the Post-Tribune and Times Newspapers
 - Petition for Support for Mayor's Budget Plan
- Exhibit B
 - City of Gary to Participate in Fuel Hedging Program to reduce risk
- List of Witnesses
 - Councilman Kyle Allen, City Council Vice President
 - Police Chief Reginald Harris
 - Commander Cooros-Police Dept
 - Fire Chief Jeffery Ward
 - Firefighter Joe Jamrock
 - Rev. Isaac Culver, President of the Baptist Ministers Conference
 - Rev. Dwight Gardner, Pastor-Trinity Church
 - ASCME-Local 52, David Warrick or Lettie Oliver
 - SEIU - Lorenzo Crowe
 - Barbara Leek, Gary Community School Board Member
 - Joel Rodriguez, City of Gary Economic Development
 - Jackie Drago-Hunter, Gary Community Development
- Power Point Presentation

We are requesting to present Opening Remarks from Mayor Rudy Clay-City of Gary, followed by remarks from the Finance Chair-City Councilwoman Mary Brown; after which the Power Point will be presented.

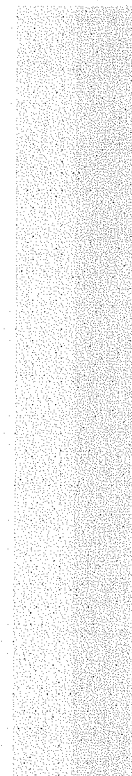
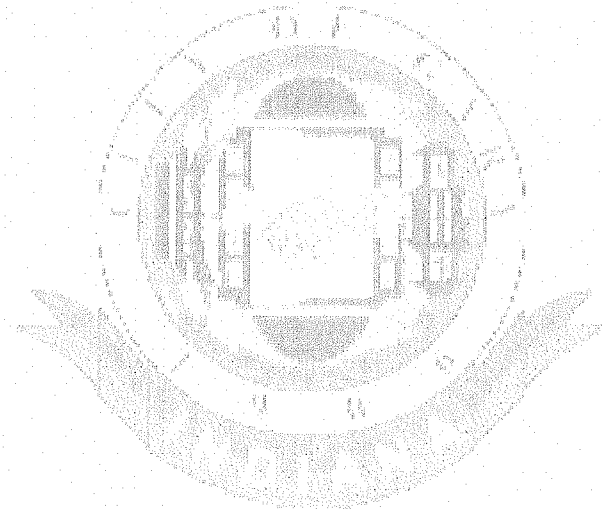
Please contact me at (219) 881-1363 or cgreen@ci.gary.in.us, with any additional request. Thank you.

Sincerely,

M. Celita Green, MBA
City Controller

Copy: Mayor Rudy Clay
Deputy Mayor Tousant
Arlene Colvin, Chief of Staff

EXHIBIT B



Celita Green

From: Seidel, Jon [JSeidel@Post-Trib.Com]
Sent: Friday, December 26, 2008 4:36 PM
To: Celita Green
Subject: Fuel Hedging

Celita,

City Hall was closed when I came back Wednesday, the roads were awful Friday, and I'll be out of the office all of next week. Hope this electronic version of the story works.

J.

<http://www.post-trib.com/news/lake/1342164,ggas.article>

Gary could hedge bets on gas for its fleet Recommend (2) Comments

December 21, 2008

By Jon Seidel

Post-Tribune staff writer

GARY -- A statewide fuel hedge program being considered by the Gary City Council would help the city manage its budget in 2009, but it could also mean gambling on the price of gas.

Fluctuating fuel prices often wreak havoc on government budgets as planners are forced to predict the cost of gas several months in advance.

Dan Huges, executive director of the Indiana Bond Bank, called his agency's hedge program a "budgeting tool" that takes unpredictability out of the equation.

"They're not going to have to worry about this huge volatility," Huges said.

Cities that participate would lock themselves into a predetermined price for gas in 2009.

If Gary enrolls, Huges said, the city would be able to purchase its gas anywhere, for any price. If that price is above the hedge price, Huges said, the city would be reimbursed for the extra money it paid by the bank financing the hedge program.

However, if the city buys gas at a lower price, he said, it would have to write a check back to the bank for the amount it saved.

"If you budgeted \$3 a gallon," Huges said, "you're basically going to be flatline with your budget."

There might be no better time to enter into a hedge program, Huges said, because of the way fuel prices have fallen nationally.

"We think we're at the bottom of the trough as far as where fuel prices are," Huges said. "We are at a very opportune time to enter into some hedging."

Indianapolis participated in a hedge program this year, Huges said, and about a dozen Indiana cities are expected to participate in 2009.

Next year's hedge price hasn't been set yet. Huges said it will be determined by Indiana Bond Bank Chairman Richard Mourdock and Bond Bank advisers Crowe Horwath LLP, Barnes & Thornburg LLP and Chicago-based Maverick Energy Consulting.

If the price turns out to be unacceptable to Gary, Huges said, it could decline to

participate after enrolling.

"I don't believe that any entity is locked into it," Huges said.

The City of Gary filed a petition last week to the Indiana Distressed Unit Appeals Board seeking relief from property tax caps that could cause major shortfalls in its 2009 budget.

Gary promised in its appeal to participate in the program, and it predicted an annual savings of \$300,000. The city plans to spend \$528,000 on gas in 2009, according to its budget.

As gas prices were nearing their peak this year, Mayor Rudy Clay said his city was spending about \$30,000 weekly in gas. The mayor tried to limit use of the city gas pumps to police and firefighters, but city records show several other employees continued to fuel up.

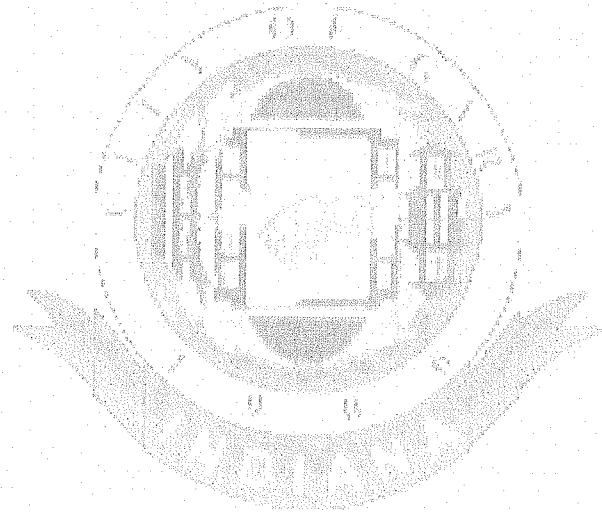
No plans have been announced to limit the use of municipal vehicles by employees in 2009.

Before Gary can participate in the fuel hedge program, it must be authorized to do so by the City Council. That legislation was introduced to the council this week.

The council's finance committee is scheduled to consider that resolution at 5:30 p.m. Dec. 30. at City Hall. A final vote could be taken Jan. 6.

Contact Jon Seidel at 881-3148 or jseidel@post-trib.com.

EXHIBIT A





CITY OF GARY
Department of Public Parks & Recreation

Rudolph Clay
Mayor, City of Gary

Caren Jones
Superintendent

Geraldine B. Tousant
Deputy Mayor

December 30, 2008

Distressed Unit Appeals Board
C/O Office of Management and Budget
200 West Washington Street, Room 212
Indianapolis, IN 46204

Re: City of Gary and included Taxing Units
Letter of Support

Dear Members of the Board:

I am writing to ask you to support the City of Gary Distressing Unit Filing for 2009. The city's plan calls for numerous cuts in The Park Department budget which will diminish the quality of life for the citizens of Gary. We are cutting our budget from approximately \$2.4 million to \$1.2 million. Ninety-seven seasonal positions are being eliminated from the department's budget. Also, six of 12 park pavilions will be closed and six of eight swimming pools will be closed in the summer. Reorganization is necessary to implement for future cuts in our tax levy.

The community connection runs through the city parks, pools and recreational programs. Parks and Recreation is a "must have" for any community. The City of Gary is no different. It is documented that well maintained parks and community centers contribute to safer cities. The City of Gary can not afford the luxury of a stagnant and idle community. Our mental and physical health is dependant upon a safe city that works hard and plays hard.

I think that it is important that the Distressed Unit Appeals Board take into consideration the local newspapers (The Times and Post -Tribune) editorials dated December 15, 2008 in support of "scrutinize Gary's Finances carefully" and "lend Gary a hand". It will benefit the community at large by giving us the opportunity to reorganize our finances in a timely fashion and assist in maintaining proficient city services for citizens in Gary and the entire Northwest Indiana region.

Thank you for your consideration in this matter. Please contact me at (219)886-7099 if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Caren Jones".

Caren Jones, Director
Department of Public Parks

December 29, 2008

To: The Distressed Unit Appeals Board

My name is Quilla Young and I am the Director of The Youth Services Bureau for the City of Gary, Indiana. I am writing to address the Distressed Unit Appeals Board in request for financial assistance to the City of Gary.

I am aware of the tax reductions that exist due to decades of loss revenue from Steel Companies, property tax caps, foreclosures city wide, and losses in business tax revenues.

However, there is a significant reality that still exists: The children and families of Gary must survive this financial crisis. **Our children, if they are our future, must be provided with the necessities of life.** For example, education, community services (Police and Fire) as well as Youth Services are needs that must not be compromised during these tough economic times. If we are to reduce the crime rate (juvenile delinquency, homicide, ect.) School dropout rate, and other social ills we must receive financial assistance for the City of Gary. Our children must be educated and feel safe and secure in their community.

Sincerely,

Quilla Young, Director
Youth Service Bureau

12/30/2008



CITY OF GARY
DEPARTMENT OF PLANNING &
DIVISION OF ZONING

RUDOLPH CLAY
MAYOR

GERALDINE B. TOUSANT
DEPUTY MAYOR

CHRISTOPHER A. MEYERS
DIRECTOR

401 Broadway, Suite 303
Gary, Indiana 46402
(219) 881-5090 voice (219) 882-7371 fax

30 December 2008

Distressed Unit Appeals Board
Office of Management and Budget
100 North Senate, N-1058B
Indianapolis, Indiana 46204

Dear Board Members and Staff:

I am writing today in reference to the City of Gary's tax appeal before you and your staff.

As the City of Gary provides for the public welfare and safety of its citizens through various programs, initiatives, and projects that are based upon tax residuals received from our tax payers, projected tax residuals and associated budgets for the coming years will not allow for the operation of municipal government. Without relief from the Board, unprecedented cuts will have to take place across all departments; thus adversely affecting municipal operations, revenue generation, municipal safety and welfare, and the continued development of our city.

With tax caps that do not reflect a national average on property values and land uses, the City of Gary will be forced to offer sub-standard, skeletal services or possibly even less to our citizens, businesses, and those who possibly will be interested in developing here.

In the City's submission to the Board, it is projected that without any relief, more than half of municipal departments and staff will be terminated and removed from the budget. The City of Gary has a population close to 100,000. Nowhere else in the State of Indiana or our Nation is there a city of comparable size that is currently operating with such minimal staff and restrictive budgetary restraints. With limited projected staffing and municipal budgets, the City will no longer be able to capture development. Moreover, with budgets that allow only for skeletal staff and no local matches, projects will no longer be able to be developed or sought. Projects that bring both short and long-term developmental benefits to the City such as ones that rehabilitate and expand local roadways, that bring new technologies to our departments and public safety providers, that open up our lakefront for new uses, that reuse existing buildings, etc. will no longer be sought. Such losses of various grant programs and infrastructure improvements will further decimated our City.

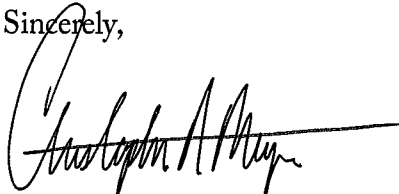
Now is a crucial time for Gary. The Department of Planning & Division of Zoning continually receives interest from developers and assists developers with their intended plans for development. The Department has recently finalized our Comprehensive Plan for the next 20 years. This plan is critical as it lays out development and future land uses. In order for the plan to come to fruition and to court further development of our industrial, commercial, residential, and recreational resources, Gary needs to be able to operate and provide both developmental services and public safety. With the projected lessening of our tax residuals, such operations will not be possible.

For your records, the Department of Planning & Division of Zoning has operated with four employees during the last several years: 1 Director, 1 Zoning Administrator, 1 Administrative Assistant, and 1 Zoning Enforcement Officer. Comparable cities with such duties have larger and more diverse staff including employees for graphic information systems, enforcement, preservation activities, grant writing, etc. Our current skeletal staff does perform many of these tasks and much more. During the first round of tax difficulties in 2001 to 2003, the former administration cut the Planning Department and merged it with Zoning. With current projections developed by Policy Analytics and Controller Celita Green, the department will further be consolidated with the Building Department. Further consolidation, in my opinion, will hamper development, overload existing staff, and create an inefficient municipal arm.

With all of the facts in mind, I humbly request that the Distressed Unit Appeals Board seriously consider measures to protect the municipal operations of Gary. If no relief is offered either through a minimum half percent modification in tax structures listed in HEA 1001 for multi-unit, commercial, and industrial property taxes or via a re-assessment of industrial user taxes, then the State of Indiana will be required to step in and provide services listed under Indiana Code. I hope that for the sake of Gary, its citizens, businesses, and our Region, the Distressed Unit Appeals Board will provide reasonable relief and allow for continued municipal operations during these difficult economic times.

I greatly appreciate the opportunity to present the items contained within this letter and the due consideration of the Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher A. Meyers", with a long horizontal line extending to the right from the end of the signature.

Christopher A. Meyers
Director



City of Gary
Department of Community Development

839 Broadway, 3rd Fl, Suite 302N · Gary, IN 46402
(219) 881-5075 Phone – (219) 881-5085 Fax

RUDOLPH CLAY
Mayor
GERALDINE TOUSANT
Deputy Mayor

JACQUELYN DRAGO-HUNTER
Director

INNER DEPARTMENTAL COMMUNICATION

TO: Mayor Rudolph Clay
Deputy Mayor Geraldine Tousant
Atty. Arlene Colvin, Chief of Staff
Ms. Celita Green, City Comptroller

FR: Jacquelyn Drago-Hunter, Director
Community Development

RE: Foreclosure Information/ City of Gary
Tax Distress

RECEIVED

DEC 22 2008

MAYOR'S OFFICE

Date: December 23, 2008

In an effort to assist with the Petition for Distress in the City of Gary, I have Gathered the following information:

1. Recent article in the Post Tribune, December 21, 2008 stated "Indiana ranks fifth in home foreclosures". In reading this article the CITY OF GARY, topped the list in Northwest Indiana for home foreclosures. **Gary, a City with a population of approximately 99,000 people experienced 1,705 home foreclosures!** (See attached article- Source National Foreclosure listing service Realty Trac).

This static alone spells "DISTRESS". When you continue and factor in the fact that an additional 9.31 percent of all loans were past due by at least 30 days: those homeowners are already facing a credit scoring problem due to the delinquencies and will probably become unable to refinance; Mortgage companies have yet to actually reach agreements with regard to modification of these mortgages; and the mortgage lending market for all intent and purposes is frozen, we now see the Titanic emerging. If we are to avoid the consequences of the Titanic we must act immediately.

We would further note that surrounding communities, with populations of ½ to 1/5 of the size of Gary do not compare with the number of foreclosed properties.

This directly impacts the ability to collect tax revenue. In some cases the mortgage companies may pay the taxes, however, due to the mortgage crisis and secondary lenders actually going under, some taxes may not be collected for up to three (3) years. In Lake County, Indiana, it is only after the second full year of non-payment of taxes that the property is placed on county tax sale. In some cases the homeowners are in Bankruptcy which further delays the collection of taxes.

2. To compound the foreclosure/tax collection situation further, the City of Gary is facing a crisis with regard to vacant and abandoned properties. Blighted structures have continued to become a problem especially given the tax collection problems within the County. These blighted structures pose a danger as well as a crime element. They must be demolished. However, with tax revenue going to maintain police and fire personnel, emergency personnel and other city services, there is little remaining to accomplish this task.

The City of Gary receives Community Development Block Grant funds (CDBG), however, these funds cannot all be earmarked for demolition. Again this leaves the City in even more Distress. (See Hammond Times/ Blighted Structures in Gary 12/21/08).

3. Additional Data gathered from the National Stabilization Data Bank (NSP) from the Office of Housing and urban Development revealed the following:

Gary estimate foreclosures	1,900
East Chicago	453
Griffith	283
Hammond	1,912
Highland	352
Hobart	644
Merrillville	943
Munster	263
Whiting	97

Also USPS Administration (United States Postal Service) provides data to the Government with regard to total residential addresses in the City of Gary by Census tract; total business addresses; total vacant residential addresses and total vacant business addresses. In view of this information, combined with the fact that real estate property in Lake County, Indiana is two full years delinquent before certification for tax sale; and provided said real estate is "sold" at tax sale, leaves the City of Gary in a situation of distress and need of assistance. (See USPS Chart)

The City is not without plans to address this distress. The City has received 3.8 million

Dollars from the NSP Grant for acquisition, rehabilitation and resale of foreclosed, vacant and abandoned properties. The City is currently in the process of seeking Federal funds for assistance with demolition of blighted structures across the City. The NSP funds will begin the process of placing some properties back on the tax rolls. While tackling this problem appears to be monumental we understand the current 42 properties slated in this program is the beginning of the process. We believe Distress assistance is necessary to keep our City on track to recovery.

Sure hope this information is useful in presentation with regard to the Distress Board, and can be utilized to demonstrate our movement towards continuing to tackle to building of our tax base from residential to business.

I will continue to work on any additional information you require if you need same from Assistance with this aspect.

December 29, 2008

To: The Distressed Unit Appeals Board

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However, there is a significant reality that still exists: The children and families of Gary must survive this financial crisis. **Our children, if they are our future, must be provided with the necessities of life.** For example, education, community services (Police and Fire) as well as Youth Services are needs that must not be compromised during these tough economic times. If we are to reduce the crime rate (juvenile delinquency, homicide, ect.) School dropout rate, and other social ills we must receive financial assistance for the City of Gary. Our children must be educated and feel safe and secure in their community.

Sincerely,

Quilla Young, Director
Youth Service Bureau

12/30/2008

December 29, 2008

To the Distress Unit Appeal Board,

I am appealing to you not only as the Executive Manager of the City of Gary owned Genesis Convention Center, but, also, as a citizen who has resided in Gary for twenty years.

The challenges which Gary has faced over the years, tho devastating, have been met and to date we, as a city, have survived. These have included businesses leaving the city, reduction in the work force in the steel industry, abandoned properties, decrease in population numbers and rise in crime. Perhaps the one issue that most negatively affected Gary is the drastic and unjust reduction of taxes to be paid by U.S.Steel. This coupled with reassessments that left home and small business owners unable to pay forcing further foreclosures, abandonments, and business closings compounded an already challenging economic situation.

The passage of HB1011, however, is a blow too big for the city to handle all at one time.

I believe that the gradual reductions in operational costs and the shift of some costs to other entities inclusive of privatization as outlined in specific detail by Mayor Clay, Controller Celita Green and others who aided in the formulation of the plan submitted to the Distress Unit Appeal Board, address what we, the city of Gary, are able to do immediately and can phase into the future. I believe the plan to be well thought out, fact based, and sound.

The city employees under my supervision accepted a 20% pay cut (4 day week) as they all knew it must be done. They have accepted that there have been and will be no pay increases for the immediate future, in spite of higher food, housing and utility costs. They support the city in its efforts to provide the best possible services within the constraints of an already reduced budget. They continue to provide the clients and customers of the Genesis Convention Center with a quality product and good service, and this in spite of increased work loads and decreased benefits. They are committed to the city in which they live and work.

I, as the Executive Manager of the Genesis Center, and perhaps more importantly as a homeowner and citizen of Gary ask all who serve on the Distress Unit Appeal Board, to review the appeal as presented by the City of Gary and take a serious look at the consequences if relief is not granted.

Sincerely,

Patricia T. Wagner, Executive Manager, Genesis Convention Center

12/30/2008

December 29, 2008

INDIANA DISTRESSED UNIT APPEALS BOARD
Indiana Office of Management and Budget
200 West Washington Street, Suite #212
Indianapolis, Indiana 46204

Dear Sir or Madam:

The City of Gary's Department of Redevelopment and its' Commission was concerned to hear about the devastating option of cutting the City of Gary's budget by such exorbitant measures under I.C. 6-1.1-20.36 To cut a city government's budget in half will drastically affect the city's opportunities for economic growth, above all, the City of Gary. Obviously, the Department of Redevelopment and its Commission rely heavily on the City of Gary for supportive services and incentives for development opportunities, and without that support, efforts in fostering housing and economic development will become slim to none.

As the Department of Redevelopment's budget has been cut as well, in making the adjustments, we would rely even more on various services provided by the City of Gary. Those service would include first and foremost, legal services for the development activities which require legal council to ensure the proper operations, for the Commission; advertisement of bids for the sale of city-owned property, Unsafe Building Hearings, and other legal aids; property insurance for a portion of the numerous city-owned parcels, repairs and/or replacement of antiquated office equipment.

We are one of the few Redevelopment Departments in the nation that directly aligns itself with its City Municipality to generate and promote development throughout the city. As a quasi governmental agency we depend on not only the administrative support of city government, but essentially, on the basic ground level incentives such as infrastructure, community parks and pavilions, to include public transportation, and police and fire protection all being imperative to luring developers to the city.

For all intensive purposes House Bill 1001 will worsen the state of City of Gary by causing a lesser tax base collection due to the decline in even the current residency rate. This would include commercial/retail and industrial occupancy, as well as residential. Therefore, we would employ you to take some other measure.

It is with great anticipation that the Distressed Unit Appeals Board shows favor to the appeal for relief from City of Gary's Municipality, and grant their request as presented.

Sincerely,

Vanesse Dabney
Executive Director

Cc: Honorable Mayor Rudolph Clay
Board of Redevelopment Commission
Atty. Gilbert King, Commission Attorney

12/30/2008

December 29, 2008

To: The Distress Unit Appeal Board
From: Chief Jeffrey Ward
Gary Fire Department

To Whom It May Concern:

The Gary Fire Department is charged with protecting a population of over 100,000 people in a 56 sq mile area. We are one of the busiest fire departments in the state with over 7,000 Fire calls and approximately 18,000 EMS calls per year. Firefighters assist EMS on most EMS calls.

The fire department is not only the first line of defense for Gary, we are the only line of defense when it comes to Fires, Natural or Man Made disasters, or Acts of Terrorism. When I became Chief in October of 2006 I had a roster of 286 firefighters out of a 290 man budget. Today, due to retirement and resignations my roster is down to 241 firefighters. I am budgeted for 256 firefighters for 2009 and I need to fill these positions but with Gary's current financial crisis I don't expect to get them. I now have one fire station closed and several stations operating at half strength. If I loose the projected 74 firefighters in 2009 the fire department will not be able to properly serve and protect the citizens of Gary. We will also not be able to properly assist the thousands of people that use the highways and railroads to travel through Gary. Loosing any more firefighters will create a very dangerous situation for Gary and loosing 74 firefighters will devastate the Gary Fire Department.

Jeffrey Ward

A handwritten signature in black ink that reads "Jeffrey Ward". The signature is written in a cursive, slightly slanted style.

Fire Chief

